

TO: State Executive Branch Officials and Staff
FROM: Winnie Pizzano, Director
Public Relations Group, OEA, CMS
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DATE: April 14, 2005
RE: Working with States

By 2006, the Medicare Prescription, Drug, Improvement and Modernization Act (MMA) makes prescription drug coverage available to all 43 million Medicare beneficiaries. This important new benefit to the Medicare program will provide beneficiaries with substantial help in paying for their prescription drugs.

It is important that we work together to ensure that seniors and people with disabilities receive this important benefit since we share the same goal of providing access to affordable prescription drugs for older Americans and Americans with disabilities.

To this end, I have attached several documents as resources for you as you work to implement this historic legislation.

- **Attachment 1: Working with States**—How CMS is working with states to ensure a successful new Medicare drug benefit
- **Attachment 2: State Executive Branch Checklist**—This checklist serves as a guide for state executive branch officials and agencies to refer to as they implement MMA in their state.

Both the staff at CMS and I look forward to working with you to make prescription drug coverage available to all Medicare beneficiaries.

Attachment 1: Working with States

As the Centers for Medicare & Medicaid Services (CMS) works to implement the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), we are working with partners throughout the healthcare system to ensure a successful launch of the new Medicare prescription drug benefit. States are an important partner in the process of providing the new Medicare prescription drug benefit to many of the most vulnerable populations served by Medicare. This document describes the CMS efforts to date with the states and state organizations to establish an open dialogue between CMS and the states and to provide state with MMA information and materials.

State Issues Workgroup

In August 2004, CMS convened the first meeting of the State Issues Workgroup. The group consists of representatives from the states (state Medicaid directors), SSA, and CMS. The primary purposes of the group are to identify potential solutions for outstanding policy issues that impact the states; provide recommendations for data exchanges & systems processes; and, develop a protocol for working with SSA on training and outreach associated with the low-income subsidy.

Several subcommittees were established to provide additional information and detailed recommendations.

- SSA Interaction—Work with SSA to develop application process, training, education, and outreach for dually-eligible beneficiaries.
- Identification—Identify low-income subsidy eligibles & their level of subsidy.
- Enrollment in Part D—Auto-assign full duals who do not make an election of a Part D plan.
- Transition-Coordination of Benefits-Continuity of Care—Help duals move from Medicaid to Medicare, assure coordination.
- Phasedown State Contribution—Calculate the phasedown state contribution and ensure its accuracy. (This subcommittee meets on an ad hoc basis.)

To date, the group has held four meetings, one conference call, and a series of subcommittee meetings.

❖ **For more information, contact:** Lisa Wilson at 410-786-3499 or Lisa.Wilson@cms.hhs.gov.

SPAP Workgroup

On February 11, 2005, CMS convened the first meeting of the State Pharmacy Assistance Program (SPAP) Workgroup. This workgroup is comprised of representatives from CMS and States and serve the purpose of exchanging and developing views, information, and guidance to SPAPs to ensure the successful implementation of the Part D Medicare prescription drug program established pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173; December 8, 2003).

Three subgroups were established to identify issues, provide additional information, propose potential solutions and provide detailed recommendations.

- Eligibility and Enrollment
- Outreach and Education
- Coordination of Benefits, Wrap Around and PDP Interface

To date, the group has held four meetings, three conference calls, and a face-to-face SPAP Workgroup meeting at the Phoenix Park Hotel in Washington, D.C.

- ❖ **For more information, contact:** Cora Tracy at 410-786-3289 or Maria.Tracy@cms.hhs.gov.

Talking with States

CMS has engaged the states in a series of meetings, conference calls, and workshops to discuss the implementation of MMA. These interactions not only provide state partners with information about the policies and operations at CMS, but they also give states the opportunity to ask questions of the CMS experts.

- All-state monthly conference calls: These calls are scheduled for the first Monday of every month (May 2, 2005; June 6, 2005; July 11, 2005; August 1, 2005; September 12, 2005; October 3, 2005; November 7, 2005; December 5, 2005) from 2:00 p.m. – 3:00 p.m. EST. Each month a different topic is discussed. To date, three calls have taken place. The February call topic was low-income subsidy eligibility and enrollment. The March call reviewed enrollment in the low-income subsidy formulary review process, transitioning the dual eligibles, and appeals. The April call outlined the CMS outreach and education strategy.

- ❖ **State personnel can join these calls as follows:** call 1-800-857-7453, Password: MMA.

- State Partners Conference: April 26-27, 2005, in Chicago, IL. The State Partners Conference jointly presented by the National Governor's Association and CMS is an opportunity for partners from across state government to learn about MMA implementation and work with CMS on implementation issues.
- Regional Meetings and Conference Calls: The CMS regional offices work closely with states on a daily basis to implement MMA. In addition to the routine technical assistance and guidance, CMS' regional offices have coordinated conference calls and meetings for the state Medicaid agencies in their regions. These meetings and conference calls provide a smaller forum for states to ask questions and talk to CMS experts. They also provide the opportunity for states to network and exchange ideas and information on both a formal and informal basis.

- ❖ **The CMS Regional Office Phone Numbers are the following:**

Region I – Boston	617-565-1188
Region II – New York	212-264-4488
Region III – Philadelphia	215-861-4140
Region IV – Atlanta	404-562-7150
Region V – Chicago	312-886-6432
Region VI – Dallas	214-767-6427

Region VII – Kansas City	816-426-5233
Region VIII – Denver	303-844-2111
Region IX – San Francisco	415-744-3501
Region X – Seattle	206-615-2306

- National Governor’s Association (NGA) Briefings: CMS has worked closely with the National Governor’s Association to provide information to the state’s governors and their staff. In January, NGA hosted a briefing where CMS experts reviewed the final regulations implementing MMA. CMS has also participated in several NGA webcasts.
 - ❖ **The NGA website is** <http://www.nga.org/>.
- National Conference of State Legislatures (NCSL) and Council of State Governments (CSG): In January, CMS also participated in a briefing to review the final regulations implementing MMA. NGA hosted a briefing where CMS experts reviewed the final regulations implementing MMA. CMS has also participated in several NGA webcasts.
 - ❖ **The NCSL website is** <http://www.ncsl.org/>.
- American Public Human Services Association (APHSA): CMS staff have presented alongside SSA staff at several conferences sponsored by the National Association of State Medicaid Directors (NASMD) and the APHSA.
 - ❖ **The APHSA website is** <http://www.aphsa.org/home/news.asp>.
- Other conferences, workshops, and meetings: CMS has also participated in a variety of forums sponsored by other stakeholders in the health care field. CMS experts have been available through the Kaiser Family Foundation’s webcasts, the Reutter’s University Center for State Health Policy conference on state implementation of Part D, the National Association of State Human Services Finance Officers’ annual conference, the American Association of Food Stamp Directors (AAFSD) annual conference, National Health Policy Forum meetings, as well as meetings and workshops with a variety of other organizations.

Resources for States

To help states prepare for the new Medicare Part D drug benefit, CMS provides materials for use by the states.

- MMA States Listserv: In January 2005, CMS established the MMA_States listserv to give states information on MMA and to update states on any issues or changes pertaining to the MMA.
 - ❖ **To join this listserv**: go to <http://www.cms.hhs.gov>, then scroll down to the bottom of the page and click on the mailing list tab located on the left of the screen, enter the appropriate information and then choose the appropriate list serve MMA_States.
- MMA State Information Webpage: In mid-April, CMS launched the MMA State Information webpage. This webpage provides State specific information about implementing the Medicare Modernization Act. These resources will be updated as new information becomes available. The following materials are some of the resources included on the webpage:
 - ❖ *Model language for SPAPs and Medicaid agencies*: CMS has prepared language that states can use to mail to their own

constituencies so that both CMS and states are delivering similar messages to the beneficiaries.

- ❖ *Fact Sheets for Medicaid agencies, Territories and SPAPs*: These documents outline the requirements for state Medicaid agencies and SPAPs detailed in the final rule.
- ❖ *MMA Guide for State Legislatures*: This guide is for state legislatures to refer to as they implement MMA in their state.
- ❖ *State MMA Upcoming Events*: Conference calls, meetings and other important dates are detailed on the webpage.
- ❖ **The MMA State Information Webpage is at <http://www.cms.hhs.gov/medicarereform/states/>.**
- State Captains: Each regional office has appointed state captains to serve as a centralized point of contact for states in the CMS outreach and education campaign.
 - ❖ **For a list of the regional state captains, logon to <http://cmsnet.cms.hhs.gov/projects/mmacomm/co/>.**
- Beneficiary Information: CMS plans to provide a variety of documents, such as fact sheets, in beneficiary-friendly format for all partners to use.
 - ❖ **The website is found at <http://www.cms.hhs.gov/>.**
- Outreach and Education Toolkit: CMS has an outreach and education toolkit for all CMS partners available on the CMS partner's website. The toolkit is designed to equip partners with the materials needed to provide clear, accurate information and assistance to their clients on the Medicare prescription drug coverage. The toolkit is developed with basic, straightforward information that can be easily conveyed to beneficiaries.
 - ❖ **The CMS partner's website is found at <http://www.cms.hhs.gov/partnerships>.**

Tuesday, April 13, 2005

**Attachment 2:
MEDICARE MODERNIZATION ACT
STATE EXECUTIVE BRANCH CHECKLIST**

SPAPS – STATE PHARMACY ASSISTANCE PROGRAMS

State pharmaceutical assistance programs (SPAPs) are state sponsored programs that provide senior citizens and individuals with disabilities increased access to prescription drugs by paying for or reducing drug coverage. Under the new Medicare Part D drug benefit, an SPAP is defined as a state program that provides financial assistance for supplemental prescription drug coverage for Part D eligible individuals. The states have two options:

- Supplement Medicare beneficiaries' drug coverage by providing its own state supplemental benefit program or purchasing additional benefits through private insurance plans; or
- State SPAPs can contribute to cost sharing that will count towards the beneficiary's true out of pocket expenditures (TrOOP).

Checklist

- ✓ Does your state have a state pharmaceutical assistance program in operation? Was it established by law?
- ✓ Will the state pharmaceutical program be eliminated, scaled back, and/or will it wrap around Part D benefits?
- ✓ Related to wrap around benefits, will the state SPAP help with cost sharing, coordinate with Medicare prescription drug plans, or provide supplemental benefits?
- ✓ How will the state SPAP assist enrollment of clients into the Part D benefit?
- ✓ If an SPAP wraps around Part D, how will true out of pocket costs (TrOOP) be calculated and tracked to ensure the state is only paying for wrap around benefits?
- ✓ Have you spoken with your state legislature to determine if you need legislation for program changes?
- ✓ If the SPAP is eliminated or scaled back, what will be done with the savings?
- ✓ If the SPAP is changed and money used for wrap around, what will the budget impact be?
- ✓ How were calculations regarding benefit and administrative costs determined?
- ✓ Is the state receiving transition funds from CMS for its SPAP? How are these funds being spent?

LOW-INCOME SUBSIDY

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States are required to take and process applications for the low-income subsidy program, and to screen and offer enrollment into the MSP (these beneficiaries are between 135% and 150% of poverty level and are referred to as QMB, SLMB, QI) program.

Beneficiaries may apply for the Low Income Subsidy (LIS) at the state agency using the SSA application or by requesting the State Medicaid Agency to make a determination

Checklist

- ✓ Is your state agency (Medicaid, eligibility, etc) working with SSA to provide access to the SSA application and eligibility process?
- ✓ Will your state be prepared to begin making eligibility determinations and processing LIS application by July 1, 2005? If yes, what are your plans and/or progress to meet the deadline?
- ✓ Do you have plans for your State Medicaid workers to receive formal training on the eligibility determinations?
- ✓ Has your State developed its own LIS application form?
- ✓ Has your State formalized its procedures for making state LIS eligibility determinations?
- ✓ Has your State developed and implemented its systems requirements?
- ✓ Has your State developed a process to screen and enroll MSP?
- ✓ Beginning in May 2005, SSA will send applications to potential LIS eligibles. Are you ready for an influx of calls and questions at your offices?

OUTREACH AND EDUCATION

States are encouraged to provide outreach and education information to the Medicare beneficiaries in their state. CMS will supply fact sheets, presentations, and other materials for states to use when working with beneficiaries.

Checklist

- ✓ Does your state plan to provide outreach & education about the LIS?
- ✓ Does your state plan to provide outreach & education about the Part D plans beneficiaries can choose?
- ✓ If you do plan to provide outreach and education about LIS and/or the Part D plans, do you have the materials you need to educate beneficiaries?
- ✓ If you do plan to provide outreach and education about LIS and/or the Part D plans, is the appropriate staff trained to educate beneficiaries?
- ✓ Have you spoken with your state legislature about the need for state legislation to coordinate with SSA?
- ✓ Do state agencies that interact with seniors and people with disabilities and their families have a plan for informing clients about the drug benefit?
- ✓ Are there any relationships and or procedures that need to be in place between state agencies and prescriptions drug plans to handle problems, concerns or questions?

DUAL ELIGIBLES

Full benefit dual eligibles will be enrolled in the Medicare drug benefit and therefore lose their Medicaid drug coverage December 31, 2005. Each person will have the opportunity to select the plan of their choice for the Medicare Drug Benefit. They will receive a letter directly from SSA explaining what they must do. They will be auto enrolled into a plan effective January 1, 2006 if they do not choose a plan.

Medicare Savings Program beneficiaries will be facilitated into a plan effective June 2006 if they have not already chosen a plan.

Checklist

- ✓ Does your state plan to "wrap-around" the Part D benefit for Medicaid beneficiaries?
- ✓ If so, have you discussed the need legislation for to provide the wrap-around with your state legislature?
- ✓ Have you budgeted for the additional requirements placed on states by MMA? (increased administrative costs associated with LIS eligibility determinations or increased enrollment in MSP programs?)
- ✓ Will you need systems changes for LIS determinations, data exchange, identification of deemed eligible individuals, phasedown contributions, etc.?
- ✓ Is there sufficient funding for the additional staff time need to complete on LIS determinations
- ✓ Does your State Medicaid agency plan to send notices to dual eligibles that will lose their Medicaid prescription coverage?
- ✓ Has your State Medicaid agency been able to identify its Medicaid enrollees that are full dual eligible?
- ✓ Did your State submit the March data file on dual eligibles to CMS?
- ✓ Is your State able to report monthly data accurately to CMS on full duals?
- ✓ CMS plans to provide a state plan pre-print for states to use when amending their Medical Assistance Plans to reflect the implementation of Part D. Will your State Medicaid agency amend its Medical Assistance Plan to reflect the changes accordingly?
- ✓ Has your state considered the need to amend the waivers and/or managed care contracts to remove the drugs covered under Part D?

RETIREE OPTIONS

Under the MMA State Retirement Systems have three options to obtain the Drug Benefit for their beneficiaries. In many cases the state will receive a subsidy of about 28% of the cost of providing the benefit. The states have three options:

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- They can set up their own separate supplemental plans and coordinate benefits with the coverage offered by Part D plans, their retirees enroll in to provide extra help with cost sharing in much the same way they currently supplement the standard Medicare Part A and B benefits.
- They can pay for enhanced coverage through a Part D plan to subsidize more of their retirees' cost sharing and provide additional benefits. CMS plans to use its waiver authority to allow sponsors to make special arrangements with Part D plans for, or offer their own part D plans to their retirees. These waivers would allow employers to provide more flexible benefits and to limit enrollment to their retirees.
- Regardless of whether they choose to provide additional coverage that supplements the standard Medicare prescription drug coverage, plan sponsors can also provide extra help by assisting their retirees in paying for some or all of their Part D beneficiary premiums.

Checklist

- ✓ Will the state accept the employer subsidy or adjust benefits for retired state employees to have them enroll in Part D?
- ✓ Is the retired state employee drug coverage equivalent or better than Part D?
- ✓ Who will perform the actuarial analysis required to get the subsidy
- ✓ Which agency gets the subsidy payment from the federal governments and what happens to it?

STATE CONTRIBUTION

MMA requires that states make monthly payments to the federal government to offset a portion of the costs associated with assumption of prescription drug costs by the Medicare program for full benefit dual eligible individuals.

Checklist

- ✓ Have you budgeted for the phase down state contribution payments?
- ✓ Have you provided CMS with the data necessary to calculate the phase down state contribution baseline (Medicaid Statistical Information System (MSIS) reporting for CY 2003)?
- ✓ Is the state on track to be able to provide the monthly dual eligible enrollment data needed to support the phase down enrollment counts?

GENERAL

State Insurance Laws and Regulations

- ✓ Is the state insurance commissioner aware of the changes to Medigap brought about by MMA?

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- ✓ Does the state insurance commissioner know of any changes to state insurance laws necessary to conform to the new MMA legislation?